

A CRITICAL ANALYSIS OF CONGRESSMAN PAUL RYAN'S POVERTY REFORM
PROPOSAL: "EXPANDING OPPORTUNITY IN AMERICA"

by
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Abstract

On the heels of the 50th Anniversary of the “War on Poverty” being declared by President Lyndon Johnson, and as our nation continues its recovery after the Great Recession, this paper explores why poverty remains elevated despite the vast government resources dedicated to combatting it. With \$22 trillion in federal funding having been allocated to alleviate poverty since the mid-1960s and a poverty rate that hovers near 15%, this paper looks at the possibility of government duplication and waste as a possible driver of stagnant poverty, and to the possibility of further social welfare reform efforts to increase efficiency and effectiveness of the social safety net. This paper examines Congressman Paul Ryan’s “Expanding Opportunity in America” proposal, which proposes overhauling many aspects of the existing social safety net and expanding the Earned Income Tax Credit, among various other measures. The paper provides both a policy and political analysis of the Ryan proposal for House Democratic Leadership, and ultimately advises them to not endorse the plan outright. More advantageous to them would be embracing Ryan’s proposal to expand the Earned Income Tax Credit while rejecting the main crux of his plan, which is the consolidation of various social welfare programs into an “Opportunity Grant” that would be administered at the state level. While Ryan’s work is groundbreaking in many ways, it fails to provide for the necessary safeguards to protect the core of the social welfare system in the U.S. For that reason is too politically dangerous for House Democrats to support.

To: House Democratic Leadership

From: Kevin Donnelly

RE: Rep. Paul Ryan's Poverty Reform Proposal: "Expanding Opportunity in America"

Action-Forcing Event

Upon the 50th anniversary of President Lyndon Johnson "Declaring War on Poverty," in the United States millions of Americans still find themselves poor and in need of government assistance to make ends meet. In January 2014, Stanford University in a report entitled "The Poverty and Inequality Report 2014" cites staggering data that shows the poverty rate increased from 12.5% in 2007 to 15% in 2012, with child poverty reaching 21.8%¹. The most recent economic crisis caused poverty to increase and demand for government assistance was heightened at a time of budget restraint.

Statement of the Problem

The 2008 financial crisis and the Great Recession wreaked havoc not just on the American economy but also on the economic wellbeing of millions of Americans. It also dramatically compounded the problem of persistent poverty that plagues this country despite the nearly \$1 trillion spent to combat it every year at the federal level.² The House Budget Committee Report "The War on Poverty: 50 Years Later" from March 2014 states "there are at least 92 federal programs designed to help lower-income Americans. For instance, there

¹ The Stanford Center on Poverty and Inequality, "The Poverty and Inequality Report 2014". January 2014. Accessed: February 1, 2015:

http://web.stanford.edu/group/scspi/sotu/SOTU_2014_CPI.pdf

² MacDougall, Gary. "The Wrong Way to Help the Poor." *New York Times*. October 10, 2012. Accessed February 8, 2015: http://www.nytimes.com/2012/10/11/opinion/americas-ineffective-antipoverty-effort.html?_r=0

are dozens of education and job-training programs, 17 different food-aid programs, and over 20 housing programs.”³ The duplication of federal efforts, in combatting poverty, has been cited by the Government Accountability Office as not only causing fragmentation and difficulties for beneficiaries but also unnecessarily increasing administrative costs to the programs which diverts resources away from addressing the actual problem, poverty.⁴ On the ground-level, the social safety net can be incredibly tough to navigate. A recent study by the Institute for Educational Leadership identified that a typical family in poverty would be “eligible for 20 separate programs, each with its own set of complex eligibility forms and often managed by separate government offices.”⁵ The complex and duplicative maze of federal assistance programs, while all well-intentioned, has proven to be ineffective at reducing stagnant poverty and in need of an overhaul to ensure they are more effective and efficient in their outcomes.

Census Bureau data shows the 2013 poverty rate at 14.5% placing it far above the pre-recession level of 12.3% attained in 2006 and even farther from the historical low of 11.3% experienced in 2000.⁶ The 2013 Census Bureau data translates into 46.5 million Americans living below the poverty line.⁷ This of course, is far below the nearly 20 percent poverty rate faced during the mid-1960s but is still staggering for the wealthiest nation on Earth. Despite the large amount of federal and state resources dedicated to combating

³ House Budget Committee Staff, “The War on Poverty: 50 Years Later.” House Budget Committee Report. March 3, 2014. Pg. 3

⁴ Dalton, Patricia. Testimony Presented to House Oversight and Government Reform Committee. “*Duplication Overlap, and Inefficiencies in Federal Welfare Programs.*” Accessed March 7, 2015. <http://oversight.house.gov/wp-content/uploads/2012/04/6-1-11-Subcommittee-on-Regulatory-Affairs-Stimulus-Oversight-and-Government-Spending-Hearing-Transcript.pdf>

⁵ MacDougal, Gary. “The Wrong Way to Help the Poor.” *New York Times*. October 10, 2012. Accessed February 8, 2015: http://www.nytimes.com/2012/10/11/opinion/americas-ineffective-antipoverty-effort.html?_r=0

⁶ Gabe, Thomas; “Poverty in the United States: 2013”. Congressional Research Service, October 20, 2014. Pg. 2

⁷ Gabe, Thomas; “Poverty in the United States: 2013”. Congressional Research Service, October 20, 2014. Pg. 2

poverty overall, and more recently an increase in direct spending through the American Recovery and Reinvestment Act⁸, the poverty rate remains stuck only slightly down from where it stood in 1965.

Even the staunchest supporters of a strong social safety net in this country, when faced with these statistics, must question whether the system has become overly complex, duplicative, and because of this size and structure, has possibly lost some level of efficacy. As this report points out, the federal government's role in the anti-poverty fight has expanded over time and raises valid questions about whether these efforts have been effective. There are others who point out that had it not been for these efforts poverty would be even more staggering. For example one estimate asserts that the current social safety net, if removed, would have led to an even more shocking 29% poverty rate in 2012.⁹ Here in lies one of the main challenges in addressing poverty, data can be interpreted and used in many different ways to score ideological or political points. This can often lead to gridlock and failures in the policy and political processes that ideally would work to make the system more effective and efficient.

With a stunning \$22 trillion spent by the U.S. government since President Johnson first waged war on poverty¹⁰ and a poverty rate that continues to hover just under 15%, valid questions ought to be raised about our strategy and priorities in this fight. Poverty may be the ultimate problem we seek to address in helping the least amongst us, but it is in how we implement programs and aid to the poor that we must acknowledge is just as grave of a problem to be dealt with. One cannot ignore the long lasting impacts poverty has on

⁸ Falk, Gene and Spar, Karen; "Poverty: Major Themes in Past Debates and Current Proposals". Congressional Research Service, September 18, 2014. 14

⁹ Bernstein, Jared, "The War on Poverty at 50." *New York Times*. January 6, 2014. Accessed February 12, 2015: <http://economix.blogs.nytimes.com/2014/01/06/the-war-on-poverty-at-50/>

¹⁰ Rector, Robert and Sheffield, Rachel. "The War on Poverty After 50 Years." *Backgrounder*, Heritage Foundation. September 15, 2014. Accessed February 10, 2015: <http://www.heritage.org/research/reports/2014/09/the-war-on-poverty-after-50-years>

individual's economic mobility, health, and education, let alone the negative impacts felt by society as a whole. The anniversary of Johnson's War on Poverty provides the perfect environment for a review of what is right and wrong about America's fight to alleviate stagnant poverty.

History

The story of federal anti-poverty programs and efforts began largely at the time of the Great Depression when scores of Americans found themselves without work and an economic outlook that was bleak at best. Prior to this time and outside of military pensions, the poor were left to scrape by, and when able, to seek support from local governments, charitable organizations, and their own family and neighbors. Exposed by the gravity of the Great Depression, it became clear that states, localities and charities that routinely aided the poor were all financially strapped and unable to do more to alleviate the pain of poverty nationally. Even with their efforts poverty stood at an estimated 69%, with the elderly poverty rate estimated to have been even higher, with some experts saying it had possibly reached almost 90%.¹¹ It was then that the federal government under President Franklin Delano Roosevelt found it necessary to take the unprecedented step of providing much more substantial direct support for income support and anti-poverty programs.

Roosevelt began by offering direct grants to states to provide assistance on the ground in the form of cash and public jobs yet a more comprehensive system was necessary

¹¹ Pleva, Lukas. "Texas Congresswoman Eddie Bernice Johnson says Social Security slashed poverty among the elderly." *Tampa Bay Times*. August 17, 2010. Accessed April 30, 2015: <http://www.politifact.com/truth-o-meter/statements/2010/aug/17/eddie-bernice-johnson/texas-congresswoman-eddie-bernice-johnson-says-soc/>

to combat the growing crisis.¹² Ultimately, President Roosevelt worked to enact a vast array of anti-poverty policies and programs that became known as the “New Deal.” In it, Roosevelt transformed the federal government’s role in fighting poverty and proposed one of its main planks, the Social Security Act of 1935, which created public assistance programs to aid the elderly, the unemployed and needy children. These programs, as well as some later additions such as Medicare, are largely credited with reducing extreme poverty across the country but specifically for the elderly. Their success continues to this day with the poverty rate for the elderly having plummeted from its high during the Great Depression to 28.5% in 1964 and finally to 9.1% in 2012.¹³ These very programs immersed the federal government, to this day, in the fight for poverty prevention and relief.¹⁴

The next major battle for social welfare expansion happened on the watch of President Lyndon Johnson in the mid-1960s. Faced at the time with data that showed just under 20 percent of Americans were considered poor, Johnson took the bold step of “declaring war on poverty.” In doing so, he ultimately revolutionized how America would respond to, and hopefully prevent, poverty across the United States. President Johnson’s anti-poverty efforts were multi-faceted and aimed to spur job creation; improve education and prevent young Americans from remaining in or falling further into poverty. “President Johnson...called for an expanded food stamp program, hospital insurance for the aged,

¹² Falk, Gene and Spar, Karen; “Poverty: Major Themes in Past Debates and Current Proposals”. Congressional Research Service, September 18, 2014. Pg. 5

¹³ Kurtzleben, Danielle. “Elderly Among Biggest Winners in War on Poverty.” *US News & World Report*. January 8, 2014. Accessed April 30, 2015: <http://www.usnews.com/news/blogs/data-mine/2014/01/08/elderly-among-biggest-winners-in-the-war-on-poverty>

¹⁴ Falk, Gene and Spar, Karen; “Poverty: Major Themes in Past Debates and Current Proposals”. Congressional Research Service, September 18, 2014. Pg. 5

improved housing and urban development, and ... ending legal discrimination through enactment of civil rights laws.”¹⁵

Many of the program’s Johnson advocated for were enacted and still remain a part of the social service system American’s know today. Well-known programs such as Medicare, Medicaid, Head Start, and Food Stamps (now SNAP) are still at the core of our anti-poverty efforts. What Johnson did was further entrench the federal government in the fight against poverty and America saw a drastic reduction in poverty as a result of his efforts with poverty falling to just over 11% within ten years of enactment.¹⁶ These reforms expanded the government’s role in social services in such a way that ultimately provided the room and funding for tremendous growth, and at the same time, scrutiny.

Within time, many Americans began to question the need and scope of these same welfare programs. Politicians used this newfound suspicion as a building block towards reform and were emboldened by the rise of conservatism in the U.S. In *Disciplining the Poor: Neoliberal Paternalism and the Persistent Power of Race*, the authors assert that the effort “can be traced to the same political forces that have worked to deregulate industries, cut taxes, shift risks onto private actors, and weaken social protections for the middle class.”¹⁷ This climate was politically charged and allowed for the convergence of two reform movements that drastically altered how our society handles poverty management in the U.S. First was the emergence of paternalism and the thought that maintaining order in poor communities required using a heavy hand to manage the daily lives of the beneficiaries of government

¹⁵ Falk, Gene and Spar, Karen; “Poverty: Major Themes in Past Debates and Current Proposals”. Congressional Research Service, September 18, 2014. Pg. 10

¹⁶ Matthews, Dylan. “Poverty in 50 Years since ‘The Other America’ in Five Charts.” *Washington Post*. July 11, 2012. Accessed April 30, 2015.
<http://www.washingtonpost.com/blogs/wonkblog/wp/2012/07/11/poverty-in-the-50-years-since-the-other-america-in-five-charts/>

¹⁷ Soss, Joe, and Fording, Richard, and Schram, Sandford. *Disciplining the Poor: Neoliberal Paternalism and the Persistent Power of Racism* (Chicago: University of Chicago Press, 2011), Pg. 19.

support. Essentially, the poor do not know well enough to care for themselves and need the paternal guidance of others to shape them into better people and participants in society. This flawed line of thinking fails to account for factors outside of an individuals' control, such as illness or many other areas, yet has dominated for decades. The underpinning thought behind the movement aims to force the poor into being stronger, more self-reliant citizens, yet the movement has worked to remove the tools necessary to do so, for example in imposing strict work requirements that force child daycare challenges for recipients of welfare.

The second aspect of the reform movement came with the rise of neoliberalism in government in the U.S., which aimed to have market activity dictate both poverty policy and governance. Soss, Fording, and Schram point out that in the poverty debate, neoliberalism has transitioned away from its classic definition to one based around an effort to extend “the reach of market logic, applying it as an organizing principle for all social and political relations.”¹⁸ Neoliberalism pushed for poverty governance to allow for the market to guide and limit poverty programs with the goal of shifting the burden of poverty from the state to the market where individuals must survive on their own. Through privatization of services, decentralizing the system, or reducing or eliminating benefits altogether, neoliberal paternalism has successfully dictated the way the government treats the poor in this country, which punishes instead of providing necessary aid.

Conservatives and many welfare reform advocates were effective at convincing the public that it was liberal policies that had failed the poor and helped force the hand of government to crack down on the image of abuse and laziness throughout the social welfare

¹⁸ Soss, Joe, and Fording, Richard, and Schram, Sanford. *Disciplining the Poor: Neoliberal Paternalism and the Persistent Power of Racism* (Chicago: University of Chicago Press, 2011), Pg. 20.

system. Conservatives were not alone in their crusade. In an effort to moderate and preserve their political fortunes for the future, Democratic Party leadership who traditionally had enacted and expanded anti-poverty programs dramatically shifted their support towards reforming poverty governance in the U.S. A striking example of this type of political change is the work of former President Bill Clinton. He swept to office on a pro-business, socially moderate agenda that included a plank to “end welfare as we know it.”¹⁹

Ultimately, Clinton signed legislation that was politically wise and set in place changes to the safety net that remain to this day. He made concessions that some in his own party disagreed with like shifting the existing welfare system to state-run programs funded by federal and state grant dollars, opened the door to privatization of services, and instituted work requirements and time limits²⁰. Clinton was also successful in ushering in major expansions of the Earned Income Tax Credit (EITC), children’s healthcare, housing vouchers, and homelessness grants.²¹

Some of Clinton’s own allies would argue that he went too far and gave in too much, yet data shows that his work proved to be a success. The Clinton welfare reform efforts reduced federal spending on cash benefits drastically while moving many recipients to employment. Federal outlays for TANF (cash) benefits fell from \$27 billion in 1992 to \$13 billion in 1999 and the percentage of recipients who were working nearly doubled.²² The bipartisan agreement Clinton reached with Congress is still pointed to as successful with the Congressional Research Service noting that “since 1996 welfare reform, progress appears to

¹⁹ Falk, Gene and Spar, Karen; “Poverty: Major Themes in Past Debates and Current Proposals”. Congressional Research Service, September 18, 2014. Pg. 9

²⁰ Falk, Gene; “Temporary Assistance for Needy Families (TANF): Size and Characteristics of the Cash Assistance Caseload.” Congressional Research Service, January 22, 2015. Pg. 1

²¹ Blank, Rebecca. “Evaluating Welfare Reform in the United States.” National Bureau of Economic Research. June 2002. Pg. 5

²² Blank, Rebecca. “Evaluating Welfare Reform in the United States.” National Bureau of Economic Research. June 2002. Pg. 8-13

have been largely sustained in both reducing welfare dependency and poverty among children in female-headed families....”²³

Since these reform efforts, Congress has largely avoided major social welfare reform efforts that have caused such upheaval in the system. Under both Presidents George W. Bush and Barack Obama the focus has been largely to provide temporary and substantial funding increases to low-income assistance programs such as Medicaid and food stamps while expanding the Earned Income Tax Credit. Despite the relative restraint demonstrated by the federal government in managing poverty through conservative allocation of scarce resources both in times of crisis and not, the calls for further social service reform have not vanished from policy circles. Instead, these programs like other domestic spending priorities have come under new and intense scrutiny from Congress.

Background

Although the Great Recession is marked as officially coming to a close in 2009, the damage lingers deep within our communities. Between October 2008 and April 2009, Americans witnessed the worst decline in employment since the Great Depression, with approximately 700,000 people losing their jobs each month.²⁴ Many of those who lost their jobs remained unemployed for extended periods of time and when they are successful in

²³ Thomas Gabe, “Welfare, Work, and Poverty Status of Female-Headed Families with Children: 1987–2012,” Congressional Research Service, December 3, 2013.

²⁴ Looney, Adam and Greenstone, Michael. “Unemployment and Earnings Losses: The Long Term Impacts of the Great Recession on American Workers.” The Hamilton Project. November 2011. Accessed April 30, 2015:
http://www.hamiltonproject.org/papers/unemployment_and_earnings_losses_a_look_at_long-term_impacts_of_the_gr/

gaining employment they often earned much less than they did previously.²⁵ As history shows, the poverty rate increases along with unemployment and this downturn proved no different. Poverty soared to 15% at the height of the recession and unemployment peaked at 10%.²⁶ While the job market has recovered tremendously over the past four years, with consecutive month-over-month private sector job gains that has pushed the unemployment rate to its current 5.5%²⁷, the poverty rate has remained stubbornly high at 14.5%²⁸. In response to the Great Recession, Congress and the Obama Administration enacted the American Recovery and Reinvestment Act (ARRA) in an attempt to stimulate the economy and spur growth. The stimulus package included \$787 billion in spending to aid local communities, provide tax incentives and tax cuts, put people back to work, and went to great lengths to lessen the everyday effects of the recession on Americans who found themselves in economic distress.²⁹ ARRA attempted to combat the increase in poverty by providing temporary relief in the form of extended unemployment benefits; expanded Medicaid; increased food stamp allotments; energy and housing assistance; as well as many other measures to infuse cash into the economy.³⁰ While the Obama Administration asserts that

²⁵ Looney, Adam and Greenstone, Michael. "Unemployment and Earnings Losses: The Long Term Impacts of the Great Recession on American Workers." The Hamilton Project. November 2011. Accessed April 30, 2015:

http://www.hamiltonproject.org/papers/unemployment_and_earnings_losses_a_look_at_long-term_impacts_of_the_gr/

²⁶ Cuddy, Emily. "Poverty: It's More than a Job Market Story." Brookings Institute. September 12, 2014. Accessed April 30, 2015: <http://www.brookings.edu/blogs/social-mobility-memos/posts/2014/09/12-poverty-rate-stuck>

²⁷ Bureau of Labor Statistics. "Labor Force Statistics from the Current Population Survey." Accessed April 30, 2015: <http://data.bls.gov/timeseries/LNS14000000>

²⁸ U.S. Census Bureau. "Percent of People in Poverty, by State." Accessed April 30, 2015. <http://www.census.gov/hhes/www/poverty/data/historical/people.html>

²⁹ "Breakdown of Funds by Category." Recovery.gov. Accessed April 30, 2015: <http://www.recovery.gov/arra/Transparency/fundingoverview/Pages/fundingbreakdown.aspx#Elements>

³⁰ Furman, Jason. "The Fifth Anniversary of the American Recovery and Reinvestment Act." The White House. February 17, 2014. Accessed April 30, 2015: <https://www.whitehouse.gov/blog/2014/02/17/fifth-anniversary-american-recovery-and-reinvestment-act>

between 2.7 to 3.7 million jobs were created or saved as a result of passing ARRA,³¹ the economy still suffered greatly. Even with the nearly \$1 trillion spent in economic stimulus funds, in 2012 over 46 million Americans still found themselves in poverty—the most in the 54 years the federal government has measured and reported on poverty,³² and that trend continues even to today as stimulus funding continues to be spent and the poverty rate largely unchanged from its recent peak of 15%. The effects of unemployment as a result of the recession added to the stagnant level of poverty that has plagued this country for decades. The stimulus was worthy of passage and prevented our nation from falling into further economic catastrophe but the additional funding for existing anti-poverty efforts was not enough to stem the tide of rising unemployment and poverty. The underwhelming effects of these efforts, with regard to reducing poverty specifically, forces one to look at the sustained level of economic hardship and poverty across the US and realize that the federal social safety net has failed to substantially lower poverty both in the short and long term. With over 90 federal programs and trillions of dollars having been dedicated to aiding the poor with sub-par results, it is clear reform to make the social safety net in the U.S. more effective is once again needed.³³

To understand what needs to be done, we must look at the current structure of the welfare system. Today, the House Budget Committee has identified that “there are dozens of education and job training programs, 17 different food-aid programs, and over 20 housing

³¹ Matthews, Dylan. “Did the Stimulus Work?” *Washington Post*. August 24, 2011. Accessed April 30, 2015: http://www.washingtonpost.com/blogs/workblog/post/did-the-stimulus-work-a-review-of-the-nine-best-studies-on-the-subject/2011/08/16/gIQAThbibJ_blog.html

³² “Poverty in the United States: A Snapshot.” *National Center for Law and Economic Justice*. Accessed March 7, 2015. <http://www.nclaj.org/poverty-in-the-us.php>

³³ House Budget Committee Staff, “The War on Poverty: 50 Years Later.” House Budget Committee Report. March 3, 2014. Pg. 3

programs.”³⁴ Each of these programs were created by Congress to address certain social ills or problems faced by varying segments of the population and all were created, one can assume, with the best of intentions in mind. Yet, one could easily argue that the tangled web of assistance programs created has become a duplicative and complex system that has failed to lower poverty in any substantial way since their creation.

For example, even Feeding America- a leading hunger relief advocacy group in the U.S.- has called for Congress to streamline the requirements and application processes of many nutrition and other low-income programs that exist today in an effort to better serve all eligible people.³⁵ Further, in testimony delivered to the House Oversight and Government Reform Committee, Patricia Dalton of the Government Accountability Office (GAO) highlighted specific instances of duplication in the social welfare arena. In her testimony Dalton cited that “six different USDA programs provide food to eligible children in settings outside their homes such as schools, day care and summer camps...While having multiple programs helps ensure that those in need have access to food, it also increases administrative costs.”³⁶ The issues of duplication cited by Ms. Dalton and the GAO do not end with nutrition assistance but are government-wide and touch on nearly all aspects of social welfare programs for those in need. In her testimony, Dalton went on to state that “In 2009, Federal agencies spent about \$2.9 billion on over 20 programs targeted to address the various needs of persons experiencing homelessness. In some cases, different agencies may

³⁴ House Budget Committee Staff, “The War on Poverty: 50 Years Later.” House Budget Committee Report. March 3, 2014. Pg. 4

³⁵ Olsen, Eric, “Letter/Statement about Duplication Overlap, and Inefficiencies in Federal Welfare Programs.” June 1, 2011. Accessed March 5, 2015. <http://www.feedingamerica.org/hunger-in-america/news-and-updates/press-room/press-releases/letter-statement-about-duplication-overlap-and-inefficiencies-in-federal-welfare-programs.html>

³⁶ Dalton, Patricia. Testimony Presented to House Oversight and Government Reform Committee. “*Duplication Overlap, and Inefficiencies in Federal Welfare Programs.*” Accessed March 7, 2015. <http://oversight.house.gov/wp-content/uploads/2012/04/6-1-11-Subcommittee-on-Regulatory-Affairs-Stimulus-Oversight-and-Government-Spending-Hearing-Transcript.pdf>

be offering similar types of services to similar populations. For example, at least seven Federal agencies administer programs to provide some type of shelter or housing assistance to persons experiencing homelessness. This fragmentation can create difficulties for people accessing services and administrative burdens for providers who must navigate various application requirements, selection criteria and reporting requirements.”³⁷

The duplication of anti-poverty efforts is a serious problem, especially in times of repeated budget shortfalls when every dollar spent is scrutinized. In highlighting the gravity of the problem, Congressman Jim Jordan then-Chairman of the House Oversight and Government Reform Committee cited a Government Accountability Office report on duplicative and fractured Federal spending. The report estimated that conservatively, \$100 billion could be saved each year by eliminating duplication, overlap and fragmentation in numerous Federal programs.”³⁸ Now while this figure is government-wide, and GAO didn’t specifically identify potential savings related specifically to anti-poverty program duplication, there is ample reason to suspect that it would be a significant amount and worth pursuing. Jordan went on to point to another finding of the GAO report that specifically looked at social welfare spending and touches on the effectiveness of the many food assistance programs that exist today. GAO “found that only 7 of 18 Federal food assistance programs had been associated with positive health and nutrition outcomes, while the remaining 11 have not been effective. It is in the government’s own evidence where one can see that the

³⁷ Dalton, Patricia. Testimony Presented to House Oversight and Government Reform Committee. “*Duplication Overlap, and Inefficiencies in Federal Welfare Programs.*” Accessed March 7, 2015. <http://oversight.house.gov/wp-content/uploads/2012/04/6-1-11-Subcommittee-on-Regulatory-Affairs-Stimulus-Oversight-and-Government-Spending-Hearing-Transcript.pdf>

³⁸ Jordan, Jim. Opening Statement Presented to House Oversight and Government Reform Committee. “*Duplication Overlap, and Inefficiencies in Federal Welfare Programs.*” Accessed March 7, 2015. <http://oversight.house.gov/wp-content/uploads/2012/04/6-1-11-Subcommittee-on-Regulatory-Affairs-Stimulus-Oversight-and-Government-Spending-Hearing-Transcript.pdf>

complexity of the system and the duplication which exists are issues that are impacting the delivery and effectiveness of our efforts to address and ultimately reduce poverty.

Admittedly, it would be foolish to say that duplication and waste in the social welfare system alone are the drivers of poverty in the U.S. There are a host of reasons that experts cite for the stagnant level of poverty we have experienced. There are those like Rep. Paul Ryan (R-WI) or the late Sen. Daniel Moynihan (D-NY), polar opposites on most policy issues, who argue that the breakdown of the traditional family structure is a main cause of poverty in our communities. Recent Census Bureau data appears to back up this claim with data that shows that being a single parent is a key correlate with poverty. Further, single women head less than 20 percent of all households; but they head 34 percent of all poor households.³⁹ Second to this factor and just as important is the role of education in shaping a person's lifetime opportunity. It is no surprise that those in poverty are often more likely to have received less education. The House Budget Committee cites the work of the Pew Economic Mobility Project, which states that "47 percent of those born in the bottom quintile will remain there if they are unable to complete college. Contrast that with their peers who do manage to complete college—only 10 percent will remain in the bottom quintile."⁴⁰ Family structure and educational background are key determinants of poverty, yet there is one driver of poverty that has long been problematic and can be tied more directly to the rise in unemployment and poverty since the 2008 economic collapse—a lack of good-paying jobs.

³⁹ "Historical Poverty Tables –People: Table 2. Poverty Status, by Family Relationship, Race, and Hispanic Origin," U.S. Census Bureau. Accessed April 30, 2015: <http://www.census.gov/hhes/www/poverty/data/historical/people.html>

⁴⁰ House Budget Committee Staff, "The War on Poverty: 50 Years Later." House Budget Committee Report. March 3, 2014. Pg. 6

Millions of jobs were lost in the Great Recession and while ARRA created and saved some by investing in infrastructure projects, providing hiring grants to local governments, and infusing the economy with stimulus, there are still too many Americans who want full-time employment who can't get it. Unemployment, notably, has fallen to 5.5% in recent months and that is welcome news but that figure doesn't tell the whole story. The U-6 unemployment rate, defined by the Bureau of Labor Statistics as including all unemployed, underemployed and those who are not looking but who want a job. March 2015 data shows the U-6 rate to be 10.9%, the first time it is below 11% since 2008.⁴¹ In a globalized, technology driven economy, cutting-edge skills and a fully-trained workforce will be necessary as a way to keep America competitive but also to ultimately lower poverty in the U.S. The welfare reform efforts (both work requirements and the expansion of the EITC) of the 1990s proved that if there is incentive to work, the poor will enter the job market and fill market demands. President Clinton noted on the 10 year anniversary of him signing welfare reform into law in 2006 that "Sixty percent of mothers who left welfare found work, far surpassing predictions of experts. Through the Welfare to Work Partnership, which my administration started to speed the transition to employment, more than 20,000 businesses hired 1.1 million former welfare recipients."⁴² This data shows that people are hungry for the opportunity to work. A less-haphazard and personalized delivery system of social welfare benefits could help ensure that our workforce is ready for the challenges of the 21st Century economy while promoting self-reliance. .

⁴¹ Berkowitz, Ben. "What's the Real Unemployment Rate?" CNBC.com. April 3, 2015. Accessed April 30, 2015. <http://www.cnbc.com/id/102559454>

⁴² Clinton, Bill. "How We Ended Welfare Together." *New York Times*. August 22, 2006. Accessed April 25, 2015 http://www.nytimes.com/2006/08/22/opinion/22clinton.html?_r=1&

The 50th Anniversary of the War on Poverty has refocused the media and the public on the issue of poverty overall creating the political incentive to take action. Seizing on the political narrative, Rep. Ryan joins other notable Republican conservatives such as Senators Marco Rubio and Rand Paul in talking about ways to address poverty and the opportunity should not be lost to find common ground with them if at all possible. It is for potential cost-savings and even more importantly, ensuring the wise and efficient use of federal resources to lower poverty in a substantial way that reform efforts are necessary at this time.

Principal Players in the Debate

The Congressional Black Caucus (CBC)

The CBC has historically been a powerhouse block of Democratic members within the House Democratic Caucus. This year, the CBC welcomed its largest class in its history at the start of the 114th Congress⁴³. With membership and clout having risen in recent history, the CBC is a key player in any decision making of House Democratic Leadership. The CBC has long focused on policymaking in the poverty reduction area and continually issues alternative federal budget proposals as a way to highlight priorities that reflect that focus. For instance, during the Fiscal Year 2015 budget process, the CBC released a progressive budget proposal that would increase spending on poverty reduction programs, education, and infrastructure. Of particular note is that the budget tries to reduce deep poverty head on by directing certain low-income assistance programs to focus “10 percent of a program’s resources to areas where 20 percent or more of the population have lived below the poverty

⁴³ “Butterfield Takes Helm of the Congressional Black Caucus,” Congressional Black Caucus Press Release. January 6, 2015. Accessed March 21, 2015: <http://cbc-butterfield.house.gov/media-center/press-releases/butterfield-takes-helm-of-the-congressional-black-caucus>

line for the past 30 years.”⁴⁴ The seriousness of this proposal shows that the CBC is not just fighting for the status quo, but for change that will have a lasting impact in how poverty is addressed by the U.S.

Ultimately the CBC budget was rejected by the U.S. House of Representatives by a vote of 116-300⁴⁵, yet the policy proposals put forth are consistent with the CBC’s overall stance toward domestic policy. CBC members historically have been fierce defenders of a strong social safety net in this country and continue to be highly critical of attempts to cut spending on poverty assistance programs, such as food stamps. The continual fight to fully fund existing social service programs is the source from which the CBC membership would likely draw much of their skepticism towards any proposed reform efforts in the future. As history has shown, previous reform typically meant cutting aid and moving more people off of welfare at any and all cost. Given the CBC’s strong voice in this debate, any poverty assistance reform effort endorsed by House Democratic Leadership would need the strong blessing of the CBC.

The Congressional Hispanic Caucus (CHC)

Created in 1976 to serve as a legislative forum for advancing the voice of the Hispanic population in the U.S. and its territories, the CHC is a growing voice on domestic policy issues in Congress. As of late, the CHC has focused largely on immigration matters but remains committed to an agenda that protects civil rights. The CHC and its members will often side with the CBC and similar groups in calling for the protection of social service programs and rallying against budgetary measures that would devastate the social safety net.

⁴⁴ Bowman, Bridget. “Paul Ryan Meets with the Congressional Black Caucus After Poverty Comments,” *Roll Call*. April 30, 2014. Accessed March 21, 2015: <http://blogs.rollcall.com/218/paul-ryan-meets-with-congressional-black-caucus-after-poverty-comments/?dcz>

⁴⁵ Final Vote Results for Roll Call 172/H.Con.Res.96/Moore of Wisconsin Substitute Amendment No. 2. April 9, 2014. Accessed March 21, 2015: <http://clerk.house.gov/evs/2014/roll172.xml>

While they will remain an active voting block of Democratic members with regard to poverty policy, it is likely that the CHC would largely follow the CBC's lead in any future welfare reform efforts.

The New Democrat Coalition

Moderate, business-minded Democrats of the House find themselves as part of the New Democrat Coalition. Formed in 1997, the group has grown in size and influence over time and is increasingly an important player in Democratic policy debates. Any decision made by House Democratic Leadership must account for their moderate viewpoints with membership consisting of over one quarter of the entire Democratic caucus today.⁴⁶ The New Democrats found their origins in the creation of the Democratic Leadership Council (DLC), which aimed to have the party abandon the left-leaning, anti-business image that it had largely adopted through much of the 1970s and 1980s. Al From, the founder of the DLC, in his book "The New Democrats and the Return to Power," describes the emergence of the New Democrats as being responsible for bringing the Democratic Party back to relevance in mainstream politics. The New Democrat Coalition has adopted much of the DLC's philosophy of promoting equal opportunity through market growth and private sector solutions and continues to cite the need for a moderate, pro-business agenda for the party to succeed as a whole.

In the push for any future welfare reform effort, House Democratic Leadership would certainly need the help and approval of the New Democrat Coalition. As the DLC was instrumental in shaping President Clinton's views on the need to moderate and support welfare reform, so too will the New Democrats be instrumental in convincing other

⁴⁶ "About Us," The New Democrat Coalition. Accessed March 21, 2015: www.newdemocratcoalition-kind.house.gov/about-me

members of the House Democratic Caucus that supporting reform is a politically viable solution and is necessary to help those in poverty.

Blue Dog Democrats

A once powerful group of House Democrats who optimize centrist politics, Blue Dogs have seen their numbers fall greatly in recent years in large part due to the swing elections of 2010, 2012, and 2014. The group has historically been active on economic issues and many would consider them fiscal conservatives.⁴⁷ As a caucus, Blue Dogs will likely embrace any reform effort that reigns in spending and reduces the welfare state further. The support of the Blue Dog Caucus is important despite their relatively small numbers in that it would enable Democratic Leadership to point to different factions of the caucus as supportive as they build the case for reform.

The Obama Administration

Under the leadership of President Obama, the nation has undertaken large measures to combat the worst economic crisis since the Great Depression. Obama ushered in the American Recovery and Reinvestment Act, which provided for large and temporary expansions in domestic spending to increase food stamps, access to health care, housing programs, and many other anti-poverty efforts. On his watch, Congress has expanded the Earned Income Tax Credit to assist poor, working families. Although Obama is the first to point out the economic successes of his presidency, he is also the first to mention that much more needs to be done to combat remaining poverty across the nation. As someone that many see as willing to compromise, President Obama would be a key partner in calling for further welfare reform if the incentives and safeguards in place were strong enough.

House Republican Leadership

⁴⁷ "About the Blue Dogs," The Blue Dog Coalition. <http://bluedog.schradder.house.gov/about/> Accessed March 21, 2015.

Since retaking the House Majority in 2011, Speaker John Boehner has had to grapple with a divided House Republican caucus that includes viewpoints across the political spectrum. One thing that unites his caucus, however, is the call for less government waste, more fiscal prudence, and less formulaic bureaucracy. In these beliefs is a desire to see welfare reform, of some sort, take shape to reign in government spending and push recipients of aid to be more self-reliant. House Republican Leadership would be critical to advancing any reform efforts and could end up being key players in changing the political narrative to ensure it happens. At least for the foreseeable future, due to congressional district gerrymandering, the House will likely remain in Republican control and afford them the opportunity to advance or block legislative priorities in the lower chamber, which makes earning GOP Leadership support all the more important to achieve progress on reform.

Social Service Organizations and Charities

There are countless organizations at the local, state, and federal levels that are engaged in the fight against poverty. Many serve as organizations that feed or clothe the poor, such as Feeding America, local food banks, and churches of all denominations. Others like Habitat for Humanity aim to place families in decent homes and help break the cycle of poverty that exists. Regardless of mission, these organizations are left to navigate a fragmented and formulaic maze of government programs to aid their constituents. Being on the frontlines in dealing with poverty in our communities, these groups are rightly skeptical of reform efforts in fear that reform really means more budget cuts. They are skeptical even though many admit it is necessary to make the system more effective. Publicly they acknowledge areas of the social service system that could be reformed, including reducing administrative bureaucracy and duplication. Yet fear of the unknown of what reform would ultimately mean makes any effort a tough sell. The right mix of incentives and strong protections for

existing infrastructure and programming would need to be had before this critical group would support further welfare reform efforts.

Media

The media has an incredibly important role to play in how the welfare system is portrayed to the general public. With steady coverage of economic data and the recovery that is still taking place after the recent recession, the media would likely take an interest in covering any future reform efforts. Some scholars argue that the media has always taken a biased, and in many cases, racist approach to highlighting poverty and the welfare state.⁴⁸ For this reason, the challenge of winning over public opinion on a bipartisan and united basis is absolutely critical. In such hyper-partisan times, the media would have a compelling story to tell: poverty remains all too high in the richest nation on Earth and Congress is working together in bipartisan fashion to enact meaningful reforms to help the poor amongst us reclaim their lives. To whatever extent possible, efforts should be made to prevent the media from distorting the work being done or to allow them the room to portray it in any way but positive. Given that we live in a society with freedom of the press there is no way to ensure complete control of the message at all times, but having an aggressive communications plan, which incorporates a strong network of bipartisan surrogates and a rapid response team modeled after the House Democrats' immigration response, would make the objective easier to accomplish.

Policy Proposal

⁴⁸ van Doorn, B. W. "Pre- and Post-Welfare Reform Media Portrayals of Poverty in the United States: The Continuing Importance of Race and Ethnicity." *Politics & Policy*, Volume 43. Pages 142–162. Accessed March 30, 2015: <http://onlinelibrary.wiley.com/doi/10.1111/polp.12107/abstract>

In the summer of 2014, former Vice Presidential Candidate and then-Chairman of the House Budget Committee Congressman Paul Ryan (R-WI) issued a comprehensive plan to overhaul existing anti-poverty programs. Ryan's plan, "Expanding Opportunity in America," covers a lot of ground and aims to reform federal policy in many areas ranging from nutritional assistance to judicial reform. There are two main areas of Ryan's proposal that are worthy of consideration and possible endorsement by Democratic Leadership: the creation of an Opportunity Grant pilot program and the expansion of the Earned Income Tax Credit. Some of the other proposals in Ryan's plan deserve consideration but others are wrongheaded and not politically viable.

The Opportunity Grant created in Ryan's plan would begin as a pilot program and consolidate 11 different federal programs into a proposed block grant that would be administered by states and localities. Programs and the funding that would be combined are numerous, but the main sources of funding would be food stamps, childcare, and housing and energy assistance programs. Ryan assures that current funding levels of these programs would be maintained and that no state would be forced to enter the program. The program would be designed to ensure states would have more flexibility to address constituent's needs, nonprofits and other service organizations would be brought into the social welfare equation, and the poor would ultimately receive a more personalized level of help which could ultimately help lift them out of poverty.

At the center of the consolidation and servicing of the new Opportunity Grant is a caseworker who could coordinate services on a one-on-one basis with each recipient. Through assessing the person's true need, allocating resources on an individual basis, and providing individual counseling, Ryan believes that the poor would be better served and the taxpayers would be better protected. Under this customizable system, recipients would be

required to work with their caseworker to craft a plan that would outline how they are going to get off of public assistance and out of poverty. Specifically, Ryan calls for this to be a contract between the recipient and the government which would outline benchmarks for success, include a strict timeline to meet the goals laid out, lay out sanctions for failing to meet goals, include incentives for exceeding goals, and impose time limits for receiving assistance.⁴⁹ As the plan is drawn up, the caseworker would have the ability to “offer financial assistance to address immediate needs, like food, clothing, child care, and housing.”⁵⁰

Ryan joins President Obama and a bipartisan group of lawmakers in calling for an expansion of the Earned Income Tax Credit, which has been one of the most successful tools in fighting poverty. In 2012, over 6.5 million Americans including over 3 million children were lifted out of poverty as a result of the EITC. Ryan’s plan aims to expand the EITC to childless workers and ultimately doubles the credit while increasing the income threshold to around \$18,000 per year.⁵¹

Authorizing Tool

Legislation needs to be drafted and introduced in the House of Representatives to allow for both an expansion of the Earned Income Tax Credit and the creation of the Opportunity Grant pilot project. The legislation would have two sections or titles. First, the bill would amend the Internal Revenue Code of 1986 to make improvements in the Earned Income Tax Credit. Specifically the language would be drafted in such a way to both increase

⁴⁹ Falk, Gene and Spar, Karen; “Poverty: Major Themes in Past Debates and Current Proposals”. Congressional Research Service, September 18, 2014. 10

⁵⁰ House Budget Committee, “Expanding Opportunity in America.” July 28, 2014. 20

⁵¹ Reeves, Richard and Venator, Joanna. “Are Obama and Ryan Proposals for an EITC expansion Pro- or Anti- Mobility?” Brookings Institution. August 1, 2014. Accessed April 1, 2015: <http://www.brookings.edu/blogs/social-mobility-memos/posts/2014/08/01-ryan-poverty-plan-eitc-reeves>

the income threshold and expand eligibility of the credit to workers who do not have children. Second, the bill would amend the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 to create the Opportunity Grant pilot project and direct that it be jointly administered and monitored by Secretaries of Health and Human Services (HHS); Housing and Urban Development (HUD); Labor (DOL); Energy (DOE); and Agriculture (USDA). Under this newly created pilot program, the agencies would be tasked with coordinating the consolidation of the following programs⁵²:

- The Supplemental Nutrition Assistance Program (SNAP)
- The Temporary Assistance for Needy Families (TANF)
- Section 8 Housing Choice Voucher Program (HCV)
- Section 521 Rural Rental Assistance Payments
- Section 8 Project-Based Rental Assistance
- Public Housing Capital and Operating Funds
- Child Care and Development Fund
- The Weatherization Assistance Program
- The Low Income Home Energy Assistance Program (LIHEAP)
- Community Development Block Grant (CDBG)
- WIA Dislocated Workers

The legislation would also ensure that the pilot program would be carried out in several states and those that choose to participate would receive the same level of funding as they currently would receive for the different programs under the existing system.

⁵² House Budget Committee, “Expanding Opportunity in America, A Discussion Draft from the House Budget Committee.” House Budget Committee Report. July 23, 2014. Pg. 67

Congressman Paul Ryan, now-Chairman of the House Ways & Means Committee, would be the lead author of the legislation. Because of the many federal agencies and programs involved it would be referred to numerous committees for consideration, namely Ways & Means; Education and Workforce; Energy and Commerce; Appropriations; and Agriculture. Each Chairman and Ranking Member of the relevant committees would have great influence over the legislation and its path forward.

Implementation Tools

Implementing the legislation will require broad, bipartisan consensus in Congress and political pressure from the general public. A public relations campaign and media attention on the need for reform will be necessary. Upon passage and enactment of the legislation, the Executive Branch through the Departments of HHS, HUD, Labor, Energy, and USDA will establish the pilot project and open it up for participation from states. The establishment of the Opportunity Grant pilot will give states what they have long desired, more control over resources in their communities, providing an incentive for participation. To ensure that there is accountability, the program will place several requirements on states: each participating state would develop a detailed plan laying out how they would implement or structure the grant program in their state; there would continue to be strict work requirements in place for recipients of aid; states would be required to be innovative in their approach to using the funds and would be asked to incorporate non-governmental organizations in the program's operation; and lastly there would be stringent third-party evaluation of the program's performance.⁵³

⁵³ House Budget Committee, "Expanding Opportunity in America, A Discussion Draft from the House Budget Committee." House Budget Committee Report. July 23, 2014. Pg. 67

Much like any other amendment to the tax code, the Internal Revenue Service would implement the expansion of the Earned Income Tax Credit for the following tax year. Beneficiaries would receive the credit after fulfilling the legal requirements of filing a federal tax return for the preceding year and fulfilling eligibility requirements.

Policy Analysis

The Opportunity Grant Program and the expansion of the Earned Income Tax Credit in Rep. Paul Ryan's proposal to overhaul existing anti-poverty efforts in the U.S. are two of the most thought provoking ideas in the plan that are worthy of thorough analysis. These ideas warrant both merit and concern, and carry with them costs that need to be considered in the plan's comprehensive evaluation.

The Earned Income Tax Credit (EITC) was initially established in 1975 as an alternative to establishing a negative income tax and has largely been lauded as a successful anti-poverty effort.⁵⁴ Today the program costs the federal government \$59 billion⁵⁵ and aids over 27 million working American families each year.⁵⁶ The most recent data available, from 2012, shows that the EITC boosted wages for recipients by almost \$250 per month, or nearly \$3,000 per year.⁵⁷ The data illustrates the success of the EITC. In 2013, over six

⁵⁴ V. Joseph Holtz and John Karl Scholz, "The Earned Income Tax Credit," *Means-Tested Transfer Programs in the United States*, National Bureau of Economic Research. January, 2003. Pg. 142. Accessed March 28, 2015: <http://www.nber.org/chapters/c10256.pdf>

⁵⁵ House Budget Committee, "Expanding Opportunity in America." July 28, 2014. Pg. 24.

⁵⁶ Center on Budget and Policy Priorities. "Policy Basics: The Earned Income Tax Credit." January, 2015. Accessed March 28, 2015: <http://www.cbpp.org/research/policy-basics-the-earned-income-tax-credit>

⁵⁷ Center on Budget and Policy Priorities. "Policy Basics: The Earned Income Tax Credit." January, 2015. Accessed March 28, 2015: <http://www.cbpp.org/research/policy-basics-the-earned-income-tax-credit>

million people were lifted out of poverty and nearly 22 million additional Americans saw the severity of poverty they suffered reduced as a direct result of the EITC.⁵⁸

The success of the EITC largely benefits working families with children, as childless workers are largely ineligible for the bulk of the tax benefit, only having received three percent of the total funding in 2011.⁵⁹ Expanding the EITC to childless workers, as proposed by Rep. Ryan, has the potential to lower poverty for this segment of the population as it has for those families with children. Currently, a childless worker can receive a maximum EITC benefit of just under \$500 per year compared to over \$6,000 for a worker with three children.⁶⁰ The expansion would remove this discrepancy and help encourage and reward work for childless adults. Additionally, it would prevent federal tax policy from pushing childless workers deeper into poverty. Expanding the EITC would address the flaws with the current structure that prevents this segment of the population from financially benefiting enough and ultimately leaves them owing the Treasury even if they remain below the poverty line. In 2012, federal taxes pushed 1.2 million childless workers into poverty and another 5.8 million deeper into poverty.⁶¹

There are many assertions as to what an expansion of the credit would do from reducing incarceration rates amongst the poor⁶² to making some parents more likely to pay child support.⁶³ Ryan's proposal is nearly identical to one released by President Obama that

⁵⁸ Center on Budget and Policy Priorities. "Policy Basics: The Earned Income Tax Credit." January, 2015. Accessed March 28, 2015: <http://www.cbpp.org/research/policy-basics-the-earned-income-tax-credit>

⁵⁹ House Budget Committee, "Expanding Opportunity in America." July 28, 2014. Pg. 24.

⁶⁰ House Budget Committee, "Expanding Opportunity in America." July 28, 2014. Pg. 24.

⁶¹ Chuck Marr *et al.*, "Lone Group Taxed Into Poverty Should Receive a Larger EITC," Center on Budget and Policy Priorities, April 14, 2014. Accessed April 4, 2015: <http://www.cbpp.org/research/lone-group-taxed-into-poverty-should-receive-a-larger-eitc>

⁶² Scholz, John Karl. "Employment Based Tax Credits for Low-Skilled Workers," Hamilton Project, December, 2007. Accessed April 5, 2015: <http://www.brookings.edu/research/papers/2007/12/12-taxcredit-scholz>

⁶³ House Budget Committee, "Expanding Opportunity in America." July 28, 2014. Pg. 26.

has been thoroughly analyzed which provides insight into its budgetary impact. Expanding access to the EITC for childless workers would cost roughly \$6 billion per year.⁶⁴ With that cost, the Treasury Department estimates that about 500,000 childless workers would be lifted out of poverty and over 10 million more workers will see the severity of their poverty alleviated.⁶⁵ This data demonstrates the potential effectiveness of this approach in further alleviating poverty at the federal level.

Despite the bipartisan support of expanding the EITC, the program and its expansion are not absent of critics. The criticism is largely rooted in continued reports of fraud within the program, with the IRS Inspector General stating that "The Internal Revenue Service continues to make little progress in reducing improper payments of Earned Income Tax Credits. The IRS estimates that 22 to 26 percent of EITC payments were issued improperly in Fiscal Year 2013. The dollar value of these improper payments was estimated to be between \$13.3 billion and \$15.6 billion."⁶⁶ This runs counter to the Improper Payments Elimination and Recovery Act that President Obama signed in 2010, which required the IRS to get improper payments under control and below a congressionally mandated 10%.⁶⁷ While some dispute these findings and cast blame on private tax preparers or the complex

⁶⁴ Vinik, Danny. "This is Paul Ryan's Best Idea Yet." *The New Republic*. July 24, 2014. Accessed April 4, 2015: <http://www.newrepublic.com/article/118841/paul-ryans-antipoverty-agenda-increases-earned-income-tax-credit>

⁶⁵ Executive Office of the President and U.S. Treasury Department, "The President's Proposal to Expand the Earned Income Tax Credit," March 3, 2014. Accessed April 4, 2015: http://www.whitehouse.gov/sites/default/files/docs/eitc_report.pdf

⁶⁶ York, Byron. "Report: Massive fraud still rampant in Earned Income Tax Credit Program." *Washington Examiner*. May 13, 2014. Accessed April 4, 2015: <http://www.washingtonexaminer.com/report-massive-fraud-still-rampant-in-earned-income-tax-credit-program/article/2548376>

⁶⁷ York, Byron. "Report: Massive fraud still rampant in Earned Income Tax Credit Program." *Washington Examiner*. May 13, 2014. Accessed April 4, 2015: <http://www.washingtonexaminer.com/report-massive-fraud-still-rampant-in-earned-income-tax-credit-program/article/2548376>

eligibility rules surrounding the EITC, there are some like Senator Rand Paul (R-KY) who have argued that this waste of money is enough reason not to expand the program at all.⁶⁸

Tied to criticisms of the EITC based around fraud and mismanagement is a proposal put forth by Senator Marco Rubio (R-FL). Rubio's proposal would convert the EITC into a wage subsidy. Rubio asserts that the subsidy would be less prone to fraud and more effective in delivering results in combating poverty. Rubio stated recently that this conversion "would allow an unemployed individual to take a job that pays, say, \$18,000 a year – which on its own is not enough to make ends meet – but then receive a federal enhancement to make the job a more enticing alternative to collecting unemployment insurance."⁶⁹ This subsidy would be paid as a steady stream of supplemental income, as opposed to the current EITC which is refundable at the end of every tax year. Rubio believes that this would be more valuable to workers and families throughout the year. While Rubio envisions a better way of administering support for low-wage workers, his intent still lines up with the mission of the EITC. His views, along with those of other critics, largely align around criticisms of poor management and a call for less waste which ultimately may create an obstacle to any effort to expand the EITC as proposed by Rep. Ryan.

Ryan's call for consolidating federal social service programs and increasing local control of spending is not groundbreaking, as the proposed Opportunity Grant has its roots in previous reform efforts. It would begin as a voluntary, state-run pilot program, and would empower states and localities to have more control over social welfare resources within their communities and the outcomes achieved through those efforts. In creating a state-

⁶⁸ Contorno, Steve. "Rand Paul Says Earned Income Tax Credit has 25 percent fraud rate that costs up to \$30 billion." *PolitiFact*. January 30, 2015. Accessed April 7, 2015: <http://www.politifact.com/truth-o-meter/statements/2015/jan/30/rand-paul/rand-paul-says-earned-income-tax-credit-has-25-per/>

⁶⁹ Pomerleau, Kyle. "Marco Rubio Proposes a Replacement for the Earned Income Tax Credit." *Tax Policy Blog*. Tax Foundation. January 10, 2014. Accessed April 7, 2015: <http://taxfoundation.org/blog/marco-rubio-proposes-replacement-earned-income-tax-credit>

administered block grant that encompasses varied funding sources that have different goals, Ryan allows local governments to innovate and experiment with carrying out of social welfare programs in an effort to tailor resources to best meet their needs. This is not a new phenomenon and what Ryan points to and what Ryan cites as proof that the Opportunity Grant will be successful. In the lead up to the welfare reform efforts of the mid-1990s, many states experimented with different requirements and delivery methods of various assistance methods. For example, both the Omnibus Budget Reconciliation Act of 1981⁷⁰ and the Family Support Act of 1988⁷¹ began to pave the way for work requirements being instituted in law. It was through the lessons learned and successes had in these cases that modern welfare work requirements find their roots. Ryan hopes that these same local environments can prove that a case-centric approach to the delivery of a whole range of social services can be successful.

The Opportunity Grant aims to make the social safety net both more effective and more efficient by delivering individual care and guidance to recipients. Ryan argues that the existing system is formulaic and bureaucratic and can be improved to better deliver results and help combat poverty. Currently, recipients of aid under any number of programs that Ryan targets for consolidation would have visited numerous government offices; completed duplicative forms; met varying standards; and ultimately navigated a complex system. The Opportunity Grant Program would allow states to assign recipients a caseworker that could individually work with them to tailor a benefits package to their specific needs while cutting down on confusion that exists today over eligibility. Ryan believes that this would be of great

⁷⁰ Falk, Gene and Spar, Karen; "Poverty: Major Themes in Past Debates and Current Proposals". Congressional Research Service, September 18, 2014. Pg. 30.

⁷¹ House Budget Committee, "Expanding Opportunity in America." July 28, 2014. Pg. 13.

benefit to a prospective beneficiary by providing a single point of entry into the system, and by making it more efficient and arguably more effective in delivering benefits.

Rep. Ryan asserts that the type of flexibility that his Opportunity Grant would allow providers is what is sorely needed to cut down on duplication and waste. In making his case, Ryan questions whether it makes “sense to provide a household with a consistent stream of SNAP benefits when what the household may need most is reliable transportation to and from work.”⁷² He asserts that under his proposal, providers would be better suited to target individual needs and lower poverty. One can look to similar local experiments to see that he may be correct. After President Clinton signed welfare reform into law in the mid-1990’s, Nebraska did much of what Ryan aims to do today. Under the authority of the new law, the state was able to create a temporary program known as “Building Nebraska Families,” where highly experienced caseworkers were assigned to recipients of public assistance.⁷³ These caseworkers aided low-income Nebraskans with finding work and planning for other future needs or activities all in an effort to make the individual more self-reliant, and in many cases, it worked. Statistics show that for those “Among the hardest-to-employ population...46 percent of the program participants were able to get jobs...compared to 29 percent among those who did not receive the personal care of a dedicated caseworker.”⁷⁴ The program was

⁷² House Budget Committee, “Expanding Opportunity in America.” July 28, 2014. Pg. 17.

⁷³ Luzer, Daniel. “In Nebraska, Paul Ryan’s Anti-Poverty Plan Has Already Been Tested,” *GOVERNING*. October 2014. Accessed April 9, 2015: <http://www.governing.com/topics/health-human-services/gov-nebraska-paul-ryan-poverty.html>

⁷⁴ Luzer, Daniel. “In Nebraska, Paul Ryan’s Anti-Poverty Plan Has Already Been Tested,” *GOVERNING*. October 2014. Accessed April 9, 2015: <http://www.governing.com/topics/health-human-services/gov-nebraska-paul-ryan-poverty.html>

scrapped by the state not because of ineffectiveness, but because of changes in federal rules that would have shifted the entire cost of the program to the state.⁷⁵

While Nebraska and other local pilot programs in recent years provides evidence that a caseworker-based approach to social welfare delivery can be effective in delivering services, there are many who find reason to be skeptical of Ryan and his Opportunity Grant program. Their skepticism is not without warrant, and their concerns range from overall cost to implementation to political issues. All are worthy of further analysis.

First, while a casework-based model to social service delivery was proven effective in Nebraska, there are also cases where it hasn't been as effective. Nebraska intentionally designed their program to keep the caseload very low for each of their social workers, typically under 20 cases each. To replicate its success, the same would need to be carried out in other locales; however, due to funding levels required to keep worker-to-case ratios low, that likely wouldn't be the case. Take Milwaukee, from Rep. Ryan's home state, and the city's experiment with similar services that was implemented. Caseloads were reported to be huge, caseworkers were overwhelmed, and recipients were placed in formulaic boxes in an attempt to serve as many as possible with inadequate resources.⁷⁶ Results in Wisconsin did not parallel those in Nebraska because of a lack of funding. If Ryan's plan were to be implemented nationally, even on a trial basis, the cost would be massive in scale during tough budgetary times.

⁷⁵ Luzer, Daniel. "In Nebraska, Paul Ryan's Anti-Poverty Plan Has Already Been Tested," *GOVERNING*. October 2014. Accessed April 9, 2015: <http://www.governing.com/topics/health-human-services/gov-nebraska-paul-ryan-poverty.html>

⁷⁶ Mencimer, Stephanie. "Paul Ryan's Anti-Poverty Plan Would Cost Billions to Implement. Will GOPers Go for That?," *Mother Jones*. July 25, 2014. Accessed April 9, 2015: <http://www.motherjones.com/politics/2014/07/paul-ryan-anti-poverty-plan-would-cost-billions>

Despite assurances that the Opportunity Grant program would be revenue neutral, administration of the program would be a major challenge and would require a substantial funding commitment that Ryan fails to address in his proposal. Stephanie Mencimer of left-leaning *Mother Jones* analyzed the cost of providing caseworkers to current recipients of food stamps. Her examination provides a good snapshot of the administrative challenge at hand: “Consider, as a hypothetical, the food stamp program, which Ryan thinks should require people to work as a condition of receiving the benefit... More than 40 million Americans get food stamps. Providing all them with a hand-holding caseworker ...would require a fleet of roughly more than 700,000 social workers, assuming a reasonable caseload of about 55 clients per caseworker. Social workers don't make much money, with a median salary of about \$44,000 a year. Even so, 700,000 of them would cost more than \$30 billion a year, not including benefits. That's nearly 40 percent of what the country currently spends on food stamps and nearly twice the entire federal welfare budget. By comparison, the current food stamp program delivers 92 percent of its funding directly to people in need; only 5 percent goes to administrative costs.”⁷⁷ It is in the costs associated with creating the necessary administration of the Opportunity Grant, as demonstrated here by just focusing on one of the 11 potential services that would be offered, and the efficiency of its delivery and viability of implementation can be questioned.

Outside of cost there are other potential downsides to Ryan's Opportunity Grant. While Rep. Ryan has ascertained that states that choose to participate in the pilot program would not see a reduction in funding for any of the included programs, the Opportunity Grant would take away one of the most effective methods of combatting poverty in the U.S.

⁷⁷ Mencimer, Stephanie. “Paul Ryan's Anti-Poverty Plan Would Cost Billions to Implement. Will GOPers Go for That?,” *Mother Jones*. July 25, 2014. Accessed April 9, 2015: <http://www.motherjones.com/politics/2014/07/paul-ryan-anti-poverty-plan-would-cost-billions>

by moving Supplemental Nutrition Assistance (SNAP aka food stamps) away from being an Entitlement program, thereby eliminating a dedicated funding stream to prevent hunger. Currently, SNAP is designed so that anyone who meets income and other eligibility requirements can receive benefits, while the revenue stream is dedicated automatically from the General Fund of the Treasury. Data from the Great Recession highlights the importance of this program design. It illustrates that the number of people using SNAP grew by 45 percent.⁷⁸ The current system could accommodate greater need automatically and the Opportunity Grant potentially could eliminate that ability if funding was diverted elsewhere by participating states, as Ryan proposes.

Critics argue that Ryan is proposing consolidation of these services into a block grant as a way to ultimately reduce funding. Pointing towards history, defenders of a strong social safety net believe that block grants are repeatedly slotted for budgetary cuts during tough times, and that those cuts are rarely ever restored in more prosperous times. The Children's Defense Fund makes this point about the Temporary Assistance for Needy Families (TANF) program, a block grant that is slated for consolidation under the Ryan proposal, by arguing that TANF has already seen a one-third funding decrease since welfare reform was enacted in the mid-1990s.⁷⁹ To be clear, Rep. Ryan does counter this concern by assuring that protections would be put in place to ensure that needed financial resources were available to the program in times of distress.

Despite Rep. Ryan's strong case for reform, much of the opposition to his Opportunity Grant proposal comes from detractors who have scrutinized his previous work dealing with many of these same programs. Both in rhetoric and in official policy proposals,

⁷⁸ Children's Defense Fund. "More of the same from Rep. Ryan's 'new' poverty plan." Accessed April 11, 2015: <http://www.childrensdefense.org/library/data/summary-of-ryan-poverty-plan.pdf>

⁷⁹ Children's Defense Fund. "More of the same from Rep. Ryan's 'new' poverty plan." Accessed April 11, 2015: <http://www.childrensdefense.org/library/data/summary-of-ryan-poverty-plan.pdf>

Ryan has never been one to advocate for a greater government role in combatting poverty and has continually proposed slashing government support dramatically. Even in the same year as proposing this anti-poverty initiative, Ryan put forth a House Budget Resolution that slashed programmatic spending that benefits low-income Americans by \$3.3 trillion or 69% of total cuts offered.⁸⁰ Rep. Ryan's Fiscal Year 2015 budget proposal was no different than those he had offered in previous years. His proposed budgets consistently targeted the very programs he has included for consolidation under the Opportunity Grant, including the biggest sources of funding SNAP, housing programs, and TANF. For this reason, skepticism surrounding Ryan's anti-poverty initiative appears to be steeped in history and a main driver of questions of how serious and viable his policy proposal is.

Political Analysis

For Democratic House Leadership to support Rep. Ryan's anti-poverty proposal, it requires looking at the plan through a political lens to truly gauge the benefits and costs of taking such a step. For any proposal of this size that comes at such a high cost and that deals with such hot-button issues as welfare and government spending, there is certain to be political ramifications for support or opposition to it.

The social welfare system has ebbed and flowed out of the public conscience since its creation. When much of the system came about, including Social Security, the country was embroiled in the aftermath of the Great Depression, and the American public saw

⁸⁰ Kogan, Richard and Friedman, Joel. "Ryan Plan Gets 69 Percent of Its Budget Cuts from Programs for People with Low or Moderate Incomes." April 8, 2014. Accessed April 12, 2015: <http://www.cbpp.org/research/ryan-plan-gets-69-percent-of-its-budget-cuts-from-programs-for-people-with-low-or-moderate>

firsthand the great need for public assistance. When that same system was expanded immensely under President Johnson, the country was still facing the scourge of intense poverty; again it was clear to the American public, even if some programs such as Medicare were unpopular at the time, why action was being taken to combat poverty. It was in the emergence of a new wave of political conservatism in the 1970s and 1980s that the tide turned against the social welfare system and the conversation surrounding it changed quickly. The independent, can-do attitude of the American psyche combined with tough budgetary times made welfare and its recipients come under intense scrutiny.

Public opinion surrounding the welfare state is one that appears to contradict itself quite a bit. As William Thompson writes, “Polling data across six decades demonstrate a certain ambivalence in the electorate’s attitude toward welfare: strong support for helping people in genuine need has always been in tension with a belief in self-reliance and individualism that left voters wary of supporting those could not support themselves.”⁸¹ This tension can be understood easily when one looks at the personal relationship many have with poverty. Over half of the American population reports that someone in their family is poor, a link to poverty that undeniably pulls at heartstrings and increases individual support for the social welfare safety net.⁸² Yet, even with this connection, public opinion has largely pushed for stricter requirements on welfare recipients. It was largely this sentiment that gave President Clinton the political cover and willpower to push for welfare reform in the 1990s, even with, as he describes being, “widely criticized by liberals who thought the work

⁸¹ Thompson, William. “The Political Economy of Reform, Lessons from Pensions Product Markets and Labour Markets in Ten OECD Countries.” OECD Publishing. Paris. 2009. Pg. 357 Accessed April 17, 2015: <http://www.oecd.org/eco/wwwoecdorgcopoliticalconomyofreform.htm>

⁸² Halpin, John and Agne, Karl. “50 Years After LBJ’s War on Poverty: A study about American’s Attitudes About Work, Economic Opportunity, and the Social Safety Net.” Center for American Progress. January 2014. Accessed April 26, 2015: <https://www.americanprogress.org/issues/poverty/report/2014/01/07/81702/50-years-after-lbjs-war-on-poverty/>

requirements too harsh and conservatives who thought the work incentives too generous.⁸³ Nearly 20 years after President Clinton signed welfare reform into law, the sentiment for time limits or work requirements to be put on recipients has not dissipated, with an overwhelming 83% in a 2012 Rasmussen poll still calling for them.⁸⁴ It is here one can point to society's desire to have a social welfare system that is accountable and works efficiently for those who truly need help the most.

An endorsement of the Ryan proposal by House Democratic Leadership would be surprising to many given the hyper partisan times we are in. It certainly could be argued that an embrace of further welfare reforms by leading Democrats would be a way of pushing back against the continued notion that Democrats are tax and spend liberals who support an expanded welfare state. Further this is an effort that the public, at face value, widely supports. For instance, anti-poverty programs are still in the scope of domestic spending priorities some Americans would like to see curtailed. In a 2011 Gallup poll, 39% of respondents wanted to see spending on anti-poverty programs curtailed as a way to deal with budget shortfalls.⁸⁵ Now while this is far below the 55% who opposed such an idea, it is still prevalent particularly amongst those who are self-identifying fiscal conservatives.⁸⁶ These voters have largely abandoned the Democratic Party and are part of the reason why there are very few Blue Dog (conservative) Democrats remaining in Congress.⁸⁷ By calling for sensible

⁸³ Clinton, Bill. "How We Ended Welfare Together." *New York Times*. August 22, 2006. Accessed April 25, 2015 http://www.nytimes.com/2006/08/22/opinion/22clinton.html?_r=1&

⁸⁴ Recter, Robert. "83% Favor Work Requirement for Welfare Reform." *Backgrounder, Heritage Action*. Accessed April 20, 2015: <http://www.heritage.org/research/reports/2012/09/obamas-end-run-on-welfare-reform-part-one-understanding-workfare>

⁸⁵ Gallup Historical Trends. "Federal Budget Deficit." Accessed April 20, 2015. <http://www.gallup.com/poll/147626/federal-budget-deficit.aspx>

⁸⁶ Gallup Historical Trends. "Federal Budget Deficit." Accessed April 20, 2015. <http://www.gallup.com/poll/147626/federal-budget-deficit.aspx>

⁸⁷ Kane, Paul. "Blue Dog Democrats, Whittled Down in Number, are Trying to Regroup." *Washington Post*. January 15, 2014. Accessed April 30, 2015:

spending reforms, Democrats could appease some of these spending concerns in hopes of winning back the middle and using conservative Democratic candidates to help retake majorities in Congress as has been done in the past.⁸⁸

Much like Bill Clinton did in his run for the White House, House Democratic Leadership could use welfare reform and calls for bipartisanship to win over independent voters in the upcoming 2016 elections. Recent Gallop polling suggests the electorate is shifting away from identifying as one political party or another, with 42% of Americans identifying as independent, the highest level ever recorded.⁸⁹ Gallup analysis suggests this is “likely an outgrowth of Americans' record or near-record negative views of the two major U.S. parties, of Congress, and their low level of trust in government more generally.”⁹⁰ Showing the importance and influence of independents, one has to look no further than the 2010 mid-term election. Independent voters who just a few years before had helped kick Republicans out of power in both the House and Senate abandoned Democrats and allowed the majority in the House to swing back to Republican control where it remains today.⁹¹ Displaying bipartisanship and a seriousness about governing in a centrist manner could bring these voters back into the Democratic fold, which is absolutely critical if they are to return to Majority status in both the House and Senate. Appealing to the middle-of-the road politics that independent voters desire would go a long way to helping achieve this goal.

http://www.washingtonpost.com/politics/blue-dog-democrats-whittled-down-in-number-are-trying-to-regroup/2014/01/15/37d4e7e2-7dfd-11e3-95c6-0a7aa80874bc_story.html

⁸⁸ Kane, Paul. “Blue Dog Democrats, Whittled Down in Number, are Trying to Regroup.” *Washington Post*. January 15, 2014. Accessed April 30, 2015:

http://www.washingtonpost.com/politics/blue-dog-democrats-whittled-down-in-number-are-trying-to-regroup/2014/01/15/37d4e7e2-7dfd-11e3-95c6-0a7aa80874bc_story.html

⁸⁹ Jones, Jeffrey. “Record High 42% of Americans Identify as Independents.” Gallup. 2013. Accessed: April 30, 2015: <http://www.gallup.com/poll/166763/record-high-americans-identify-independents.aspx>

⁹⁰ Jones, Jeffrey. “Record High 42% of Americans Identify as Independents.” Gallup. 2013. Accessed: April 30, 2015: <http://www.gallup.com/poll/166763/record-high-americans-identify-independents.aspx>

⁹¹ Calmes, Jackie and Thee-Brenan, Megan. “Independents Fueled GOP Gains.” *NY Times*. November 2, 2010. Accessed April 30, 2015: <http://www.nytimes.com/2010/11/03/us/03exit.html>

Endorsing the Ryan proposal is not without substantial political risk. Many within the Democratic Party still groan about the concessions made by President Clinton during reform efforts of the 1990s and approach all mentions of further reform with a high level of skepticism. In politically analyzing the Ryan proposal, one must again separate it into two pieces: expanding the EITC, and reforming the delivery of the bulk of social welfare benefits to recipients by the creation of the state-administered Opportunity Grant.

Expanding the EITC, as the Ryan plan calls for, has strong support in Congress, especially in the Democratic Caucus. Many liberals and conservatives are in agreement that the tax credit has been successful in alleviating poverty. Both Republican and Democratic presidents in recent years have expanded the program, which is a testament to its cross-party appeal. Recent data shows strong support for anti-poverty spending in the form of expanded tax credits such as the EITC and Child Tax Credit amongst the general public, with 75% of those polled supporting these types of proposals.⁹² With this kind of crossover appeal and wide public support to help low-income Americans via the tax code, there is little to no political risk in supporting Ryan's proposal of expanding the EITC. In fact, the EITC portion of his proposal could serve as leverage to earn the trust and support of skeptical members of the Democratic Caucus and similar constituencies when other, more controversial aspects of the Ryan proposal are considered.

Allowing states to experiment with different social service delivery methods is nothing new. The federal government has allowed for this to occur repeatedly, and as discussed before, many of the lessons learned had been adopted in the 1990s welfare reform

⁹² Halpin, John and Agne, Karl. "50 Years After LBJ's War on Poverty: A study about American's Attitudes About Work, Economic Opportunity, and the Social Safety Net." Center for American Progress. January 2014. Accessed April 26, 2015: <https://www.americanprogress.org/issues/poverty/report/2014/01/07/81702/50-years-after-lbjs-war-on-poverty/>

effort. Yet even with these experiences in recent history, endorsing the creation of an Opportunity Grant program to consolidate many well-known social welfare programs carries the most risk for Democratic Leadership.

Political support for Leadership taking such a step within the Democratic Caucus would likely come from pro-business moderate and fiscally conservative Democrats. These members would likely support another round of welfare reform and modifications to the existing delivery system as they did in the mid-1990s⁹³, for both fiscal and political reasons. Yet while this faction of the Caucus certainly has political clout and could provide some political cover for leadership, it is likely that two other large factions of the Democratic Caucus would emerge in opposition to such a deal: the powerful Congressional Black Caucus (CBC) and the growing Progressive Caucus, of which there are many crossover members. They are both fierce defenders of protecting the social safety net in this country and actively work on budget and other legislative mechanisms to not only defend the status quo, but to expand social welfare programs even further. Their work in many cases is as ideologically based as Ryan's is. For that reason, both Caucuses approach the creation of an Opportunity Grant program with a high level of skepticism and could pose as a major political roadblock to Leadership's endorsement of it.

Shortly after Ryan unveiled his anti-poverty plan, the Congressional Black Caucus met with him to discuss both his plan and recent comments he made that were viewed as disparaging towards inner-city, low-income residents. Upon its conclusion, it was reported that while Ryan and the CBC agree on the gravity of the problem in combatting poverty,

⁹³ Thompson, William. "The Political Economy of Reform, Lessons from Pensions Product Markets and Labour Markets in Ten OECD Countries." OECD Publishing. Paris. 2009. Pg. 361. Accessed April 17, 2015: <http://www.oecd.org/eco/wwwoecdorgecopoliticeconomyofreform.htm>

they are miles apart on a solution.⁹⁴ With that said both the CBC and Progressive Caucus support improving the delivery of social welfare benefits and increasing access to these services, yet veer far away from where Ryan wants to take the system. Problematic for House Democratic Leadership would be criticisms from these groups that by supporting parts of Ryan's plan, they would ultimately be supporting conservative attempts to tear down the social safety net even further.

There are many concerns that the CBC and the Progressive Caucus would raise against Ryan's plan. They range from the belief that consolidating these programs is a back door way of slashing public assistance more than it already has been, to the belief that the caseworker model Ryan adopts is paternalistic and attempts to shame recipients into being more self-reliant. While these critiques may be valid, the biggest obstacle for these groups to ever support the Opportunity Grant program is Ryan himself. As Chairman of the House Budget Committee, he consistently put forth budget proposals that failed to earn even one Democratic vote.⁹⁵ The last budget he offered as Chairman for Fiscal Year 2015, and just before he introduced his anti-poverty agenda, sought massive budget cuts mainly in programs that benefit the poor, including food stamps.⁹⁶ With this fresh in mind, opposition to Ryan's Opportunity Grant will remain strong from this wing of the Democratic Caucus.

The public narrative surrounding a possible endorsement of Ryan's anti-poverty plan by House Democratic Leadership could be overwhelmingly positive. In times of hyper-partisanship, it would be a sign to the general public that Democrats are attempting to work in a bipartisan fashion. The public perception would likely be that Democrats are serious

⁹⁴ Lillis, Mike. "Ryan, CBC 'agree to disagree' on poverty." *The Hill*. April 30, 2014. Accessed April 21, 2015: <http://thehill.com/homenews/house/204850-ryan-cbc-agree-to-disagree-on-poverty>

⁹⁵ Lillis, Mike. "Ryan, CBC 'agree to disagree' on poverty." *The Hill*. April 30, 2014. Accessed April 21, 2015: <http://thehill.com/homenews/house/204850-ryan-cbc-agree-to-disagree-on-poverty>

⁹⁶ Lillis, Mike. "Ryan, CBC 'agree to disagree' on poverty." *The Hill*. April 30, 2014. Accessed April 21, 2015: <http://thehill.com/homenews/house/204850-ryan-cbc-agree-to-disagree-on-poverty>

about tackling bureaucracy, reigning in government spending, and making sure that those who are receiving public assistance are in true need and working hard to become independent. These have historically been points that are politically popular and can only further the political message that Democrats are serious about governing and being wise stewards of the public trust. This type of step would also help combat the pervasive image that Democrats are not doing enough to reign in the federal deficit. Polling in 2011 showed that over 70% of respondents answered that they were “worried that any Democratic plan for reducing the federal deficit wouldn’t go far enough to fix the problem.”⁹⁷ While more recent polling shows that the public trusts Democratic Leaders in Congress more than Republicans in “doing the right thing for the economy,”⁹⁸ it is clear that work needs to be done to solidify the public standing of Democrats as serious about tackling the budget deficit and trustworthy handlers of the nation’s finances.

The most recent economic crisis and the anniversary of President Johnson declaring “War on Poverty” has once again put the social safety net under the public microscope. Reminders of the need for a strong safety net were clear, but so too was the need for restrained spending and strong management of government resources and programs. In evaluating Rep. Ryan’s anti-poverty agenda, House Democratic Leadership is provided a unique political opportunity that carries both risks and rewards.

⁹⁷ Gallup Historical Trends. “Federal Budget Deficit.” Accessed April 25, 2015: <http://www.gallup.com/poll/147626/federal-budget-deficit.aspx>

⁹⁸ Dugan, Andrew. “Confidence in Obama’s Economic Decisions Rises in U.S.” Gallup. April 24, 2015. Accessed April 25, 2015: http://www.gallup.com/poll/182855/confidence-obama-economic-decisions-rises.aspx?utm_source=Politics&utm_medium=newsfeed&utm_campaign=tiles

Recommendation

Rep. Ryan took a bold step in proposing his “Expanding Opportunity in America” agenda, in which he reignited the debate over reforming the social safety net in the United States. Using his post as the Chairman of a powerful House Committee and brandishing his conservative political credentials, Ryan lays out a case for reform that he legitimizes by pointing to stubborn poverty rates, bureaucracy, and duplication in the social service system. At face value his proposal has merit, but once one digs deeper into the mechanics of much of the plan, it becomes clear that it is just more of the same Ayn Rand-style policies that Ryan and the Republican Party have spewed for far too long. While Ryan surprises many of his critics, as a leading conservative, by embracing both a social safety net and the government’s necessary role in making life better for the poor, this deeply contradicts his previous work in Republican Leadership to slash that very same safety net even in times of economic crisis. In unveiling his plan, Ryan stated he wanted to “start a conversation,”⁹⁹ but history has taught us that that conversation would likely be drenched in neo-conservative, paternalistic ideology. For this very reason, Ryan’s proposal should be rejected by House Democratic Leadership.

While the underpinning of Ryan’s plan leaves plenty of room for criticism, it does have several positive aspects that deserve to be acknowledged. First and foremost is an expansion of the EITC. Through the EITC, millions of Americans have been lifted out of poverty and millions more could be if it is expanded as Ryan proposes. Conservatives and liberals find agreement on this, and for that it is truly laudable and a testament to its success.

⁹⁹ House Budget Committee, “Chairman Ryan Releases ‘Expanding Opportunity in America’”. July 24, 2014.

Another noteworthy plank of the plan is Ryan's attempt to streamline a complex maze of social service programs. Consolidating everything from SNAP benefits to energy and housing assistance programs would certainly cut down on duplication that is omnipresent in our social welfare system today. By creating a single point of entry into the system, there would be less bureaucracy and confusion, as well as clear lines of eligibility based around need. To ensure that low-income Americans receive the services they need most and put them on a path toward economic independence, Ryan's plan would assign a caseworker to each recipient. This individualized attention and service has the potential to transform the social safety net in the U.S. into a smoothly operating and less formulaic path out of poverty.

While the Ryan plan can certainly be viewed as a positive political development in the debate over welfare reform, there are major downsides that the plan holds. Looking towards innovative and more efficient ways of delivering services to low-income Americans is refreshing, but only if it comes with a serious commitment. It is a costly proposition that could take billions of dollars to implement, and unfortunately Rep. Ryan fails to acknowledge the financial resources that would be necessary to implement the Opportunity Grant in a successful manner. Outside of overall cost, the biggest drawback to the Ryan plan is moving SNAP away from mandatory spending. By doing so, SNAP would be less able to meet the needs of low-income Americans in all economic conditions, especially in times of crisis. Tied to SNAP and funding overall, and despite assurances from Ryan to the contrary, there is a valid concern that consolidating social services into an Opportunity Grant would eventually lead to further budget cuts in these critical service areas. Historically, block granting federal programs for administration at the state level has led to decreased

investment, which can be ill-afforded in our anti-poverty efforts.¹⁰⁰ On paper many of Ryan's ideas sound promising, yet it is highly distressing that the proper safeguards are not in place to prevent states and localities from being unable to truly address the needs of the poor.

Despite its failings, Rep. Ryan's "Expanding Opportunity in America" agenda is the most comprehensive social welfare reform proposal put forth in decades. Its breadth and seemingly middle-of-the-road approach are tempting to those who want to help the least amongst us. Yet in the end, the proposal is not worthy of support by House Democratic Leadership. Any effort by Ryan to address concerns of Democratic members or constituencies in his plan, such as maintaining SNAP's mandatory spending status or ensuring that sufficient financial resources are in place to efficiently and effectively manage the program on the ground level, would cost him his own party's support and kill its legislative prospects in a Republican-controlled House of Representatives.

While Ryan and Democratic Leadership share the same broad goal of lowering poverty and putting low-income Americans on a stronger path to opportunity, it is advisable for Democratic Leadership to maintain its commitment to protecting the social safety net as it stands today. Leadership should applaud Ryan for his efforts to find common ground and move to fully endorse his and President Obama's proposal to expand the EITC. In that, there is a chance for enactment and a major victory for anti-poverty efforts that both political parties can support. With Ryan's help on that effort and with the new trust built between the Democratic Caucus and Ryan, there could be a chance in the future for more comprehensive reforms to our anti-poverty strategy.

¹⁰⁰ Children's Defense Fund. "More of the same from Rep. Ryan's 'new' poverty plan." Accessed April 11, 2015: <http://www.childrensdefense.org/library/data/summary-of-ryan-poverty-plan.pdf>

Curriculum Vita

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